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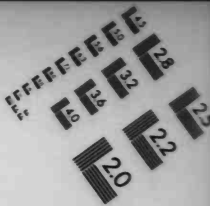
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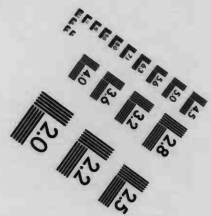
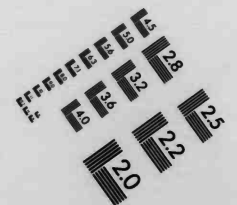
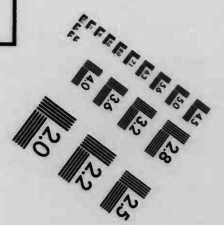
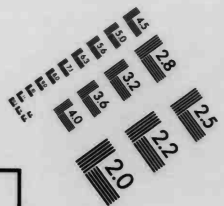
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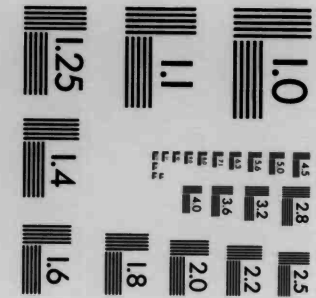
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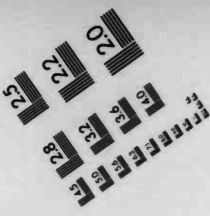
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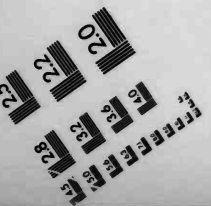
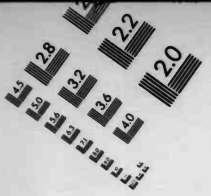
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**ESTABLISHMENT OF A FEDERAL  
UNEMPLOYMENT AGENCY**

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COMMITTEE ON THE JUDICIARY  
HOUSE OF REPRESENTATIVES

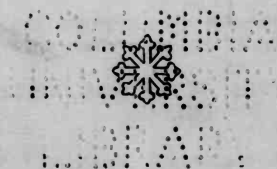
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STATEMENTS OF THE SECRETARY AND THE  
ASSISTANT SECRETARY OF LABOR MADE  
BEFORE THE COMMITTEE, SETTING FORTH  
OBJECTIONS TO SENATE BILL 3060 AND SUG-  
GESTING A SUBSTITUTE THEREFOR

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#### SEVENTY-FIRST CONGRESS, SECOND SESSION

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## ESTABLISHMENT OF A FEDERAL UNEMPLOYMENT AGENCY

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE JUDICIARY,  
*Wednesday, February 18, 1931.*

The committee met at 10.30 o'clock a. m., Hon. George S. Graham (chairman) presiding.

The CHAIRMAN. The committee will be in order. I am sorry to say, gentlemen, that owing to the death of Mr. Doak's mother he will be unable to be with us to-day, but I expect to have him here later this week.

Mr. White, the Assistant Secretary, is here representing the Department of Labor, and the committee will hear from him first.

### STATEMENT OF ROBE CARL WHITE, ASSISTANT SECRETARY OF LABOR

Mr. WHITE. Mr. Chairman, as you stated, I am here instead of the Secretary, who was called home by the death of his mother, the funeral occurring to-day.

Before he left he gave me a letter addressed to the chairman of this committee, which he asked me to deliver, and with your permission, Mr. Chairman, I will be pleased to read that communication.

The CHAIRMAN. You have permission to do so.  
Mr. WHITE. The letter reads as follows:

FEBRUARY 17, 1931.

HON. GEORGE S. GRAHAM,  
Chairman Judiciary Committee,  
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: I am particularly concerned with the legislative situation that has developed with regard to the subject of additional legislation to carry forward the employment work of the Department of Labor. May I be permitted at this time an opportunity to briefly outline the situation as I see it and to suggest plans that would enable us to meet the demands for an extension of this most important service?

The bill of Senator Wagner of New York (S. 3060), is substantially identical with legislation exhaustively considered in the Sixty-ninth Congress by a joint committee of the House and Senate and refused approval by that Congress. However, the pending measure was favorably reported and passed by the Senate despite considerable opposition. In the House the measure was sent to your committee (Judiciary) and, following hearings, was reported favorably by the majority, but a minority report was filed in opposition.

The measure was strongly supported by a number of labor organizations and other groups. It was represented to be a plan to coordinate the public employment agencies of the several States through an enlargement of the Federal Employment Service and an offer of State aid to insure the coordination of these agencies. As a condition of such aid, however, it requires that the several States accept the rules and regulations prescribed for their conduct by the Director General of the Employment Service—including even State appropriations for the common purpose. It furthermore authorizes the establishment of Federal employment agencies in States having no public employment system, and where the States may fail through their legislatures to accept the Federal plan, the director general of employment is authorized by agreement with the Governor to establish Federal employment agencies, even where State agencies exist, for the period of a year. There is apprehension about the governors having power to use money for this purpose, even if such Federal authorization were given, unless suitable State legislative authority permitted.

The purpose which the proponents have in mind—the coordination of Federal and State employment agencies—deserves serious consideration and approval. But in my opinion the means suggested to effectuate the desired result are not practically calculated to obtain it. It has been strongly suggested to me that these means of obtaining the goal would threaten an improper centralization of Federal bureaucratic control over the States through the seductive influence of Federal aid. If this be true, it seems to me that, under existing circumstances, other methods, of a practical nature should be employed.

Through conferences held with representatives of the different departments of the Government a plan was unanimously agreed upon which it was hoped would be a substitute for the present pending measure. This plan had as its object the creation of a Federal employment service which provided for cooperation with State and other agencies, without the feature of State aid. Upon submission of this plan to representatives of some associations, representatives of labor, and others, including the patron of the Senate bill (Senator 3060), Senator Wagner, it was found that so many commitments had been made previously to the Wagner bill that a change to another plan might prove embarrassing to many who had made commitments. Consequently I was satisfied that this plan necessarily would have to be changed. After these several conferences, however, and with the firm belief that those interested not only in relieving unemployment but also in increasing technological employment means were keenly and wholeheartedly desirous of passing legislation at the present session, I have, after considerable deliberation and thought, worked out a substitute bill for the Wagner measure which I hope and believe gives a common ground on which all might meet. Not only are the worthy objectives of coordination of Federal and State employment agencies preserved, but also the basic principles of government in reaching these objectives are maintained. Furthermore, relief for unemployment would be available and opportunity for methods of increasing employment would be afforded.

There is another feature that I particularly want to call to your attention, and that is that the United States Employment Service is now doing considerable work in securing opportunities for employment for veterans. This work could

well afford to be increased, and, in fact, there is at present a great demand for this increased aid. This particular feature will be properly cared for in the substitute bill I am now proposing.

Another factor enters into this employment problem, which I believe is worthy of every consideration. According to the report of the Secretary of Labor for the fiscal year 1930, it is stated that for the calendar year 1929 the Employment Service directed 611,598 farm laborers to employment in the various harvest fields throughout the country. We find a very great demand for the enlargement of this work of the Employment Service in order to go more fully into farm employee placement.

The depression through which we are passing and the abnormal unemployment which has accompanied it have led to the appointment by the President of a general committee which, to an extraordinary degree, has secured the establishment and coordination of both public employment agencies and private committees of citizens. There is, at this time, an unusual opportunity to secure the coordination and voluntary cooperation of all these valuable agencies in a manner directly in conformity with our traditions, and by which this department can secure the sympathetic cooperation of State and municipal agencies—in a manner most helpful—and permitting also steady and effective cooperation with the established local instrumentalities for dealing with the unemployment problem. I am furthermore of the opinion that the means suggested by my substitute bill (attached) will afford an exceptional opportunity, also, to investigate and deal with the problem of technological employment.

In addition, it must also be observed that many of the State legislatures now in session will have adjourned before they could be formally presented with opportunity for action under the terms of the Wagner bill. Many of them will not again be in session for two years. It would, therefore, be impossible to make the provisions of the Wagner proposal effective for a long period of time, while my substitute proposal can appeal for immediate cooperation. Finally, I have every reason to believe that strong opposition to acceptance of the conditions imposed under the provisions of the Wagner bill would be found in many States. I personally firmly believe that the foundation of a permanent Federal employment system must rest upon the voluntary cooperation of State agencies rather than upon a Federal system including features of a compulsory nature.

It is deemed important also to bring to your attention the fact that on February 9 the advisory committee on employment statistics submitted a unanimous report, which, among other valuable recommendations, referred directly to the necessity for the collection of fundamental data in reference to technological unemployment. This committee unanimously suggested the prosecution of specific studies as a continuing part of the responsibility of the Federal Government, especially of the Department of Labor, along these broad constructive lines. It is desirable to point out that the substitute bill herewith proposed would permit the coordination of the Bureau of Labor Statistics with the efforts to facilitate employment opportunities, as well as to reduce technological unemployment, and to cooperate with State or other public authorities for this purposes.

I, therefore, submit a tentative draft of a substitute for the Wagner bill providing for the creation of an Assistant Secretary of Labor to direct the Employment Service, for cooperation with State agencies, and for the establishment of Federal employment offices if absolutely necessary, and with an appropriation of \$1,500,000 to be immediately available.

It is my belief that the attached bill presents a common ground upon which all may meet, and I sincerely hope that you and your committee will find a method by which it can be substituted for the bill now before the House.

I have attached hereto for your consideration Exhibit A, which contains the substance of the statutes of various States and two insular possessions which regulate the employing within their respective jurisdiction of laborers for employment beyond the limits of the State or insular possession by persons commonly called "immigrant agents"; and Exhibit B, which shows the list of States having appropriation for the maintenance of employment services and the States in which no appropriation is available for the maintenance of employment services.

Respectfully submitted.

W. N. DOAK, Secretary.

The CHAIRMAN. Will you read the bill which the Secretary proposes as a substitute?

Mr. WHITE. This is the substance of the bill. It says:

To facilitate opportunities for employment of residents of the United States, to reduce technological unemployment, and to cooperate with States, or other public authorities for this purpose:

Mr. TUCKER. What is specifically meant by technological unemployment?

The CHAIRMAN. I was puzzled by that expression myself, and I took the liberty of looking at the dictionary.

Mr. TUCKER. I think I know what is meant.

The CHAIRMAN. So far as the dictionary is concerned it does not give the use that is made of the word in the ordinary phrases now in vogue upon this subject of unemployment.

Mr. WHITE. That is a term, as I am informed, that was coined by some of our economists. It means the mechanization of industry.

Mr. TUCKER. I supposed it meant different types of industry.

Mr. WHITE. The bill provides:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That there is hereby created in the Department of Labor a bureau to be known as the United States Employment Service, at the head of which shall be an Assistant Secretary of Labor, whose title shall be Third Assistant Secretary of Labor. He shall be appointed by the President and receive a salary of \$9,000 per annum. He shall perform such other duties as shall be prescribed by the Secretary of Labor.

SEC. 2. The Secretary of Labor is authorized to transfer to the said bureau such officers, clerks, and employees of the existing employment service, Department of Labor, as he shall deem necessary in carrying out the purposes of this act, and he is authorized to appoint and fix the compensation of such other officers, clerks, and employees, as may be necessary to carry out the provisions of this act. The compensation of positions within the District of Columbia shall be fixed in accordance with the classification act of 1923, as amended.

SEC. 3. The function of said bureau shall be to advance opportunities of employment for men, women, and minors, who are legally qualified to engage in gainful occupations, to cooperate with the Veterans' Administration to secure employment for veterans, and to coordinate the public employment offices maintained by the United States, any State, municipality, or other political subdivision by collecting, compiling, furnishing, and publishing information as to opportunities for employment between the several States, and between such States and the District of Columbia.

The Secretary of Labor is authorized to conclude with any Federal, State, municipal, or other official bureau or agency arrangements under which public employment offices authorized by this act may be maintained in cooperation with any such Federal, State, municipal, or other official bureau, or agency: *Provided*, That in any State where there is a system of public employment offices, operated in whole or in part by the State, any such arrangement for cooperation between the State, or such offices, and the public employment offices authorized by this act, shall be subject to approval by the governor of such State, as well as the Secretary of Labor.

The bureau shall continuously investigate the changes in industrial conditions resulting in technological unemployment arising from new inventions and discoveries, and shall assist in the discovery of substitute employment, and facilitate the finding of such substitutes, and is authorized to cooperate with manufacturers and other employers to this end.

SEC. 4. In carrying out the provisions of this act, the Secretary of Labor is authorized to provide for the giving of public notice of strikes and lockouts.

SEC. 5. This act shall take effect thirty days after its passage, and thereupon the unexpended part of any appropriation for the Employment Service, Department of Labor, shall be available for expenditure in carrying out the provisions of this act. There is authorized to be appropriated the sum of \$1,500,000 to be used for the purposes of this act, to be immediately available and to continue available until expended.

Exhibit A shows that the States of Alabama, Florida, Georgia, the Territory of Hawaii, Mississippi, North Carolina, the Philippine

Islands, South Carolina, Tennessee, Texas, Virginia, and West Virginia all have laws regulating activities of agents engaged in recruiting labor for work outside of the State.

I will not read you the text of the various laws but they provide licenses and other limitations upon persons undertaking to recruit labor in one State to be taken to another State.

(Exhibit A referred to is as follows:)

## EXHIBIT A

*State and insular possessions statutes prohibiting or regulating activities of emigrant agents in employing laborers to go outside of State or insular possession*

State	Citation to act or statute	Penalty or other restriction
Alabama.....	Code, secs. 696-699, 3980-3984.....	Engaging in business of hiring or soliciting laborers to go out of or be employed outside the State requires payment of annual tax of \$5,000, and such additional sum, not exceeding 50 per cent thereof, as may be levied by the court of county commissioners or board of review of the respective counties for use of county. Failure to comply with tax requirement is a misdemeanor punishable by fine of not less than \$500 and not more than \$5,000, or imprisonment in county jail or at hard labor for the county of not less than four months nor more than one year, in discretion of the court.
Florida.....	Comp. Gen. Laws, 1927, secs. 1144, 7415.	Any person, agent, solicitor, or recruiter engaged in business of hiring, inducing, or soliciting laborers or emigrants in this State to be transported and employed beyond the limits of the State is an "emigrant agent," and is required to pay an annual tax of \$2,000.25 to the tax collector of every county where the business is conducted, for a license to operate. Carrying on business without a license is a misdemeanor punishable by a fine not exceeding \$5,000, or by imprisonment in the county jail not more than 12 months, or by both such fine and imprisonment.
Georgia.....	Penal Code, sec. 632 (Am. 1920, p. 87); acts of extra session, 1917, p. 88; Act No. 398, 1927, par. 51, p. 72.	The definition of emigrant agent the same as in Florida statute. Such agent must pay \$1,000 tax in each county in which he does or offers to do business. Person employed must not be taken out of State until bond approved by commissioner of commerce and labor is given conditioned to pay valid debts owing by such person to be taken out to a citizen of the State. Failure to comply with license requirement is a misdemeanor punishable by a fine not exceeding \$1,000, imprisonment not to exceed 6 months, to work on chain gang on the public roads, or such other works the county or State authorities may employ chain gangs to do. Exception made in case of female.
Hawaii.....	Rev. Laws, 1925, secs. 2018-2026....	Any emigrant agent soliciting, inducing, procuring, or hiring laborers to go beyond limits of Territory must pay annual license fee of \$500 and give a bond in sum of \$25,000 to assure compliance with the laws respecting emigrant agents. Failure to pay tax and otherwise comply with law is a misdemeanor punishable by forfeiture of license, if there be any, a fine not exceeding \$1,000, or imprisonment of not more than 1 year, or by both such fine and imprisonment.
Mississippi.....	Ch. 94, acts of 1912; ch. 118, acts of 1925; 1912 act upheld as constitutional by State supreme court (Carbutt v. State, 77 Sou. 189).	Emigrant agent as a condition precedent to hiring laborers, or soliciting emigrants or laborers to go beyond the limits of State must pay a license tax of \$500 in every county in which he operates. Operating without such license is a misdemeanor punishable by a fine of not less than \$500 nor more than \$5,000.



# 6 ESTABLISHMENT OF A FEDERAL UNEMPLOYMENT AGENCY

State and insular possessions statutes prohibiting or regulating activities of emigrant agents in employing laborers to go outside of State or insular possession—Contd.

State	Citation to act or statute	Penalty or other restriction
North Carolina.....	Consol. Statutes, sec. 7796, amended in 1925. (Statutes of this nature upheld as constitutional in <i>State v. Hunt</i> , 129 N. C. 686 and <i>State v. Roberson</i> , 136 N. C. 587.)	Every person, firm, or corporation procuring laborers for employment out of State must pay an annual license tax of \$500 to each county in which business is conducted. Operating without license is a misdemeanor punishable by a fine of not less than \$500, or imprisonment, in discretion of court. (Term of imprisonment not specified.)
Philippine Islands.....	Acts, 1915, No. 2486.....	Any person or emigrant agent engaged in contracting, enlisting, recruiting, or shipping laborers is required to obtain an annual license for which the fee is 6,000 pesos, and also to pay the sum of 500 pesos to each province, including the city of Manila. Failure to pay the taxes and otherwise comply with the law is punishable by a fine of not to exceed 2,000 pesos or by imprisonment of not more than 2 years, or by both such fine and imprisonment, in the discretion of the court.
South Carolina.....	Code of Laws, 1922 (Crim. Laws, secs. 308, 309).	Emigrant agent must obtain license from State Treasurer, fee for which is \$500 for each county in which business is conducted, the license being good for one year only. Failure to obtain such license is a misdemeanor punishable by a fine of not less than \$500 nor more than \$5,000, or imprisonment in county jail of not less than four months, or confinement in State prison at hard labor not exceeding two years for each and every offense, within discretion of the court. An annual license fee of \$500 must also be paid to the County Treasurer of each County in which business is done. Failure to pay that fee is, also, a misdemeanor punishable as in the case of operating without a license from the State Treasurer.
Tennessee.....	Public Acts of 1923, chap. 75.....	Emigrant agents or persons engaged in hiring laborers or soliciting emigrants to be employed or go beyond the limits of the State, must pay annual license tax of \$300.
Virginia.....	Code, appendix, secs. 128, 129 (Am. 1924, ch. 452). Ch. 45 Consol. Revenue Statutes, 1923, sec. 183.	Emigrant agent must pay \$5,000 for privilege of transacting business in each county or city in which he operates. Operating without license is punishable by a fine of not less than \$100 and not more than \$5,000, or by imprisonment not less than one month nor more than 12 months for each and every offense, in the discretion of the court or jury before whom the case is tried. Virginia contractors temporarily engaged in another State are exempted from penal provisions.
West Virginia.....	Official Code of West Virginia, 1931, p. 261, sec. 53. (This is a new code. The committee that compiled it made a notation to the effect that the \$5,000 tax on agencies hiring laborers for employment out of State was omitted as being prohibitory and unconstitutional. The code, however, contains a legislative note to the effect that the provisions omitted by the committee were restored to the publication.)	A license to hire or contract with laborers for employment out of the State is \$5,000. Any municipality within the State is empowered to impose a similar tax and to limit the number of agencies in such municipality, but in no case shall the number be restricted to fewer than three in any city, town or village. A penalty of fine and imprisonment for failure to obtain license required by law seems to be provided in general tax statutes as in the case of other violations of the provisions thereof.

# ESTABLISHMENT OF A FEDERAL UNEMPLOYMENT AGENCY 7

State and insular possessions statutes prohibiting or regulating activities of emigrant agents in employing laborers to go outside of State or insular possession—Contd.

State	Citation to act or statute	Penalty or other restriction
Texas.....	General Laws, 1929: Ch. 104 (first called session of legislature); chs. 11 and 96 (second called session). (Examination of the laws of the various States was made up to and including the legislative year ending Dec. 31, 1930.)	The legislation enacted in first called session, 1929, was repealed by ch. 96 enacted in second called session of that year. Ch. 96 contained a provision (sec. 4) requiring an emigrant agent to furnish transportation back to Texas for laborer taken out of the State, upon written demand therefor by the laborer; a bond of \$5,000 to assure compliance with that provision was required of the emigrant agent, payable to State of Texas, to be approved by commissioner of labor statistics. Laborer could waive rights under bond upon compliance with certain prescribed conditions. In <i>Hanley v. Moody</i> , 39 F. (2) 198, section 4 was adjudged as violative of both State and Federal Constitutions and State officers were enjoined by temporary restraining order from enforcing it. Ch. 11 of second called session imposes occupation tax of \$1,000 upon emigrant agents to be paid the State and also an occupation tax ranging from \$100 to \$300 for each county, according to population, in which business is conducted. A fee of \$10 must also be paid for a State license. The occupation taxes were considered in the <i>Hanley</i> case, but court found their exaction was not an illegal or oppressive exercise of the sovereign power of the State. Operating without paying occupation taxes or violating other provisions of the statute is a misdemeanor punishable by a fine not exceeding \$500, or by imprisonment not exceeding 6 months, or by both.

Following Exhibit A I have Exhibit B, giving the list of 22 States now maintaining or making appropriations for the maintenance of some kind of a State employment service. That leaves 26 States of the Union where there are no such appropriations made, and the list of those States is given in this exhibit.  
(Exhibit B referred to is as follows:)

## EXHIBIT B

The following States make appropriations for the maintenance of employment service: Arkansas, California, Connecticut, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, Virginia, West Virginia, and Wisconsin.

The following States do not make appropriations for the maintenance of employment service: Alabama, Arizona, Colorado, Delaware, Florida, Georgia, Idaho, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, and Wyoming.

Mr. STOBBS. Your Exhibit A gave the list of the States where there were limitations as to the deportation of labor from one State to another, as I understand it?

Mr. WHITE. Yes; and a condensed statement of the character of the laws.

Mr. STOBBS. How would this new proposed legislation affect that?

Mr. WHITE. I do not know that the new proposed legislation would have any effect in particular, because at the present time the Federal employment service does not undertake to take labor out of one State into another. It simply directs.

Mr. STOBBS. And under your proposed legislation, information would simply be given as to where labor is wanted?

Mr. WHITE. Through the local offices.

Mr. STOBBS. That would be entirely optional with each State, as I understand it. The State does not restrict an individual from going from one State to another, does it?

Mr. WHITE. No; it can not do that, but it prohibits the recruiting of labor for this purpose.

The CHAIRMAN. May I make a suggestion to the committee, in order that we may have the fullest and most intelligent method of the examination later of Mr. Doak in reference to the proposed legislation.

I would say, Mr. White, I understood from you this morning that Mr. Doak can be here on Friday morning.

Mr. WHITE. That is the present plan.

The CHAIRMAN. My proposal is that the committee adjourn to meet on Friday morning and continue this matter. In the meantime, I will have printed Mr. Doak's letter and the proposed bill so we can have them in printed form, when we meet on Friday.

Mr. LA GUARDIA. May I ask the Secretary a question or two?

The CHAIRMAN. Certainly.

Mr. LA GUARDIA. Mr. White, I want to ask you this question, or make this suggestion.

Frankly, as a practical proposition, in the closing days of the session, there is danger of the proposed bill getting into what we call a legislative jam. Does the department take the position that it would sooner have no legislation than have Senate bill 3060 passed?

Mr. WHITE. I have never heard it discussed.

Mr. LA GUARDIA. Of course, you know the American Federation of Labor, as late as yesterday, in a letter to me, which is in the record, indorses Senate bill 3060 and pleads for its enactment, and also the Brotherhood of Trainmen.

What we are anxious to have is some legislation on the subject.

If the so-called substitute bill had been presented earlier we would have had more time to consider it; no doubt it has merits.

What is disturbing me and disturbing a great many Members of the House is that you will be in danger of getting no legislation in a last-minute effort to substitute a new bill for a bill which has already passed one of the Houses of Congress. I would like to get your views on that.

Mr. WHITE. I hav'nt any particular views on that subject; I did not know anything about it. Legislative matters I leave to the legislative bodies, and the methods of enacting laws are left entirely in your hands.

I will say this, that the department is already carrying on the United States Employment Service, and I presume would continue to do so unless new legislation should require a change. It is carrying on that service within the limits of its appropriation.

Mr. LA GUARDIA. True; but of course it is generally conceded that the machinery which we now have and the available appropriations are not sufficient to carry on the work as it should be carried on, and it is generally conceded that it is temporary, is it not?

Mr. WHITE. The appropriation, of course, is not sufficient for the present Employment Service to carry on in the way in which it is apparent Congress desires now.

Mr. LA GUARDIA. Of course, what I tried to stress yesterday, in my feeble way, was this, Mr. White, that here is a bill that has passed the Senate; and I may also call attention to the fact that the provision of one year has been stricken from the bill by this committee.

Mr. WHITE. Yes; I learned that when I began to study the letter and the bill this morning.

Mr. LA GUARDIA. Some of our colleagues, scholars on constitutional questions, raised the question as to the Federal power in a purely local matter.

As a matter of fact, does not the substitute bill increase that power rather than reduce it?

Mr. WHITE. It does not carry any appropriations to the States.

Mr. LA GUARDIA. That is the only difference. You do maintain your agencies in the States.

Mr. WHITE. We may, under both bills.

The CHAIRMAN. But in the one case it is permissible and in the other case it is arbitrary; under the Wagner bill it is arbitrary. They can go in against a State's will and establish an agency there and do as they please with it.

The vice in the Wagner bill is the appropriation or gift of money to the States.

Mr. LA GUARDIA. That I will concede, Mr. Chairman.

The CHAIRMAN. It is going to increase the love people have for serving the country in many places and it will scatter through the country a lot of employment offices, contributed to in part by the Federal Government and in part by the State governments. But I do not need to go into that discussion now.

Mr. LA GUARDIA. While the financial aid is exactly as the chairman stated, it does not make it mandatory to establish an agency in a State, if it does not want to have anything to do with it. I think I am right.

The CHAIRMAN. I rather think it does; but that is a matter of opinion. I may be wrong about it.

It provides in section 10 (a):

In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the director general.

That is the power given to him in the bill, and it is not altered in our amendment.

Mr. DOMINICK. It is not mandatory, but it gives him the right.

The CHAIRMAN. It gives the right for him to go in there against the will and without the permission of the States and establish an agency in the State.

Mr. DYER. Would the Secretary, in your judgment, be able to add anything to the discussion of this subject that has not been covered by his proposed substitute, and what you have had to say in reading his letter.

Mr. WHITE. I think he could elaborate upon the various matters mentioned in his letter.

I can recall one thing now, and that is as to the farm labor division now being maintained. The Wagner bill wipes that out. What are you going to do with the seasonal farm labor division and the work that it has been performing, if the Wagner bill goes into effect?

The CHAIRMAN. Would it not also wipe out the Federal Bureau of Employment?

Mr. WHITE. It would.

The CHAIRMAN. And wipe out the farm labor division under which over 600,000 men were transferred in furnishing employment to them.

Mr. WHITE. That is a necessary function being performed, which we believe was badly needed. We brought order out of previous chaos in connection with the seasonal work in harvesting our crops, from Texas to the northern boundary.

The States had previously failed in handling this problem, and we have solved it, I think, efficiently and in a proper way through the Federal Employment Service.

Mr. DYER. Mr. Secretary, this is not in your department, but do you happen to know, unofficially, what success the Veterans' Bureau has had with its employment service?

Mr. WHITE. The Veterans' Bureau previously had conducted their own employment service, but a year ago, or a little over, they asked that our Employment Service take that work over, and the appropriations were so made. We have been establishing employment offices to take care of the veterans as rapidly as our appropriation permitted. It is very limited, but we have 23 offices already established, and the veterans themselves would like to have a larger appropriation and extend this service by establishing more offices.

Mr. DOMINICK. I might say there, in connection with that question, that I notice in the hearings before the Committee on Ways and Means on the adjusted-service-certificate legislation General Hines stated that their reports showed there was something like 275,000 or 300,000 veterans out of employment and they had succeeded in placing something like 33,000 or 35,000.

Mr. WHITE. In the month of December, through our veterans' service (23 officers) we found employment of some kind for 5,673 ex-service men.

Mr. LA GUARDIA. Of course, the office in New York, Mr. Secretary, has not the equipment to properly function. It has one man in charge and, I think, a clerk.

Mr. WHITE. That is very true. All of this work is new and it takes time to establish an efficient service of any kind in the Government.

Mr. DYER. Mr. Secretary, is the committee to understand through you that the secretary desires to appear before the committee on this legislation?

Mr. WHITE. I understand he is very willing to do so.

Mr. DYER. He indicated a desire to appear before the committee and present what you have presented?

Mr. WHITE. Yes.

Mr. DYER. If he still desires to appear before the committee, of course I feel as one member of the committee that we desire to hear him further upon this legislation; is that your understanding?

Mr. WHITE. Yes.

Mr. LA GUARDIA. Has he any additional information to present other than that contained in the letter you have read?

The CHAIRMAN. I hardly think that is a fair question.

Mr. LA GUARDIA. But, Mr. Chairman, every minute counts. This is the 18th of February, and we have only twelve legislative days left before the adjournment of the Congress.

The CHAIRMAN. There is going to be no action upon this bill this week.

Mr. DYER. I agree, Mr. Chairman, with your suggestion, that in view of the fact that the Secretary of Labor has indicated his desire to appear before the committee, but is unable to do so to-day, on account of the death of his mother, for which bereavement, I am sure, we all desire to express through you, Mr. Chairman, and through the assistant secretary, our sympathy; yet I think we ought to hear him. As stated by the chairman it will not interfere with this legislation because it can not come up this week, as I understand it. I suggest—and if you desire a motion I will make it, but if there is no objection I will not press the motion—that we hear the Secretary on Friday morning.

The CHAIRMAN. If there is no objection to that the committee will stand adjourned until Friday morning.

Mr. LA GUARDIA. I desire to reserve the right to object, and I do it with all kindness.

The CHAIRMAN. I said if there was no objection that would be the order.

Mr. LA GUARDIA. If it is on the condition that should the bill be called up in the House in the meantime, whether or not we have heard the secretary, it will not displace the bill, and we may consider it when we have our day. That is what I had in mind the other day.

Mr. MOORE. Do you know when we are likely to have a day? Has it been decided we will not have a day this week?

The CHAIRMAN. That is my understanding as to the arrangement of business, that we will not have a day this week.

Mr. TUCKER. I would like to ask Mr. White just one question. You said this Federal Employment Agency in your department now operated very successfully in saving the crops in the West and the Southwest. How long has that been going on?

Mr. WHITE. Well, it has been for several years now. In speaking from memory, I should say since 1921.

Mr. TUCKER. I know that in my country the young fellows have been going West for 25 or 30 years, every year. There is a regular group of them who go out there.

I suppose you keep in touch with the States that need that help?

Mr. WHITE. And the employers of labor, wherever labor is needed.

Mr. TUCKER. How do you get that to the men who want to labor?

Mr. WHITE. Through our offices in the field.

Mr. YATES. Did you say there are just 28 now?

Mr. WHITE. No; that is only in the veterans' service.

Mr. YATES. How many offices are there altogether?

Mr. WHITE. In connection with farm labor?

Mr. YATES. Yes.

Mr. WHITE. We have a superintendent of the farm labor division with headquarters at Kansas City, with 20 offices scattered throughout the States. During the harvest season we add extra men for 30, 60, or 90 days to assist in this work.



Mr. YATES. One other question, please. There is something in the substitute bill in reference to some matter that has to have the approval of the governor. What is that?

Mr. WHITE. That is where we want to establish offices or to secure the cooperation of the States where they already have employment or placement offices.

Mr. DYER. Mr. Chairman, I move that the committee meet on Friday and that the Secretary of Labor be advised that we will hear him at that time.

Mr. LaGUARDIA. I offer this as an amendment:

*Provided, That nothing in the motion would prevent the consideration of the bill whenever our turn is reached in the House.*

Mr. DYER. I will accept the amendment.

Mr. MOORE. That is the understanding, if it is reached before that?

The CHAIRMAN. Certainly; that is fair.

(The question was taken and the motion was agreed to.)

(Thereupon, the committee adjourned to meet Friday, February 20, 1931, at 10 o'clock a. m.)

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE JUDICIARY,  
*Friday, February 20, 1931.*

The committee met at 10.30 o'clock a. m., Hon. George S. Graham (chairman) presiding.

The CHAIRMAN. The committee will please come to order. We have Mr. Doak, the Secretary of Labor, with us this morning. He has kindly made a considerable sacrifice to be here with us, because of the importance of this matter and his interest in it. We will be glad to hear Mr. Doak.

**STATEMENT OF HON. WILLIAM N. DOAK, SECRETARY OF LABOR**

Secretary DOAK. Mr. Chairman and gentlemen of the committee, I regret very much that I could not be with you a few days ago. You are no doubt aware of the fact that I had to make a trip, which we all have to make at some time, and which is the hardest trip for any man to have to make, on account of the death of my mother.

I hurried back as soon as I could after I had conferred with Mr. White, the Assistant Secretary of Labor, by telephone. It was my full intention to come before the committee and present some views I had on this employment bill. So we had to hurriedly get them together, and Mr. White presented a letter to you a few days ago, I think on the 17th, which set forth, I think, rather fully the views that I hold on this particular question.

I may say that I am very sorry indeed for the misunderstanding, apparently, that some members of this committee have, one in particular, and the publicity that was given this particular question in the way it was.

I want to preface my remarks by saying that I yield to no man in the country my loyalty to the American labor movement. I am 48 years old, and 28 years of my life have been spent actively in the

labor movement, 15 years of which have been at the Capital in the interest of labor.

Consequently, any effort, direct or indirect, to show that I am out of sympathy with the labor movement in this country is absolutely without any foundation, of course.

I was sworn in as Secretary of Labor on the 9th day of December, and one of the first things which was called to my attention by President Hoover was this employment bill. He said:

I hope you will make, as quickly as possible, a thorough investigation of this entire situation, with a view of rendering the very best service we can in the establishment of a real employment service.

I say that without any other reason except to say that it is a fact.

I went into the situation very thoroughly, and the further I went into it the more convinced I was that we should have a real Federal Employment Service, and instead of expending \$200,000 or \$285,000 a year, that perhaps we should spend a million and a half.

I think it was a year ago, just about this time, when Senator Wagner of New York introduced his series of bills, three, I believe, one dealing with labor statistics, one having to do with long-time planning, and one dealing with the employment service.

At that time I was instructed by the President of our organization to present a brief to the Senate committee, which I did, calling attention to the situation, so far as it affected railroad employees.

After very short hearings, and after a very few days lapse of time, the Wagner bill was reported out by the Senate Committee on Commerce. Nothing had been done more than to have it passed by the Senate. It was awaiting action in the House, and no action had been taken when I came in as Secretary of Labor.

Then I thought I would do what I should reasonably and properly do. I made some inquiries as to the probability of the passage of the Wagner bill, and made a study of the Wagner bill.

I want you gentlemen to bear in mind that the Secretary of Labor has a very specific charge as to what his duties will be. In the first sentence of the organic act creating the Department of Labor it is provided that he must foster and promote the welfare of the wage earners.

I took that rather seriously, and tried to analyze these bills and see what would best promote the welfare of the wage earners in this country.

After so doing, I set forth my views in this letter dated February 17, which Mr. White filed with your committee.

But in the meantime I had a conference with the chairman of your committee and he suggested that I talk with Senator Wagner.

After some considerable difficulty because of the illness of Senator Wagner, I finally had a conference with him. I met Senator Copeland, who was authorized to speak for Senator Wagner, in the meantime.

I finally assembled a conference, which was, I think, as representative a labor conference as you could possibly get up on short notice. There were about 30 or more present, and we invited Senator Wagner to meet with us, and we sat down around the table and had a frank discussion of this general situation.

I was apprehensive of what might happen. First of all, without saying to you what was requested, which we are not privileged to do, of the Director of the Bureau of the Budget, we came out of the Budget with \$385,000 approved, and \$100,000 of this amount was to be used for the veterans.

Now, I was confronted with this situation, either to take a chance on having no legislation—and I doubt sometimes the necessity of having any, so far as we are concerned, because we are already functioning under the organic act—or taking a chance of losing the entire matter; and I vigorously pressed for some compromise or some common ground on which we could stand. But we could get none from the patron of the bill; it was only his bill or nothing.

Then there was only one other thing to do, and that was to prepare a substitute bill, and in the event that the substitute bill failed, to ask Congress to give us an appropriation and we would carry on with the present set up that we had. That is just what I did, despite any accusation to the contrary, or any implied motives.

We hope to get it passed; we do not know whether we will get anything or not.

Our appropriation bill has not passed the Senate, and it provides \$385,000.

I prepared and submitted to the Bureau of the Budget a supplemental estimate for \$500,000, in case we got wiped off on this legislation.

Then, it has been stated that we are not trying to look out for the welfare of the labor people. Now, listen. Here is the other side of it. I agreed to ask for \$1,200,000 in the way of an appropriation, but it was decided that so many commitments had been made to the Wagner bill that they would go right through with the Wagner bill and pass that.

And despite that action I went ahead and asked for \$500,000 more; whether we will get it or not, I do not know.

I find some fundamental objections to the Wagner bill, and the first one is this, that it is a very bitter controversial matter in this country as to how much further we are going to extend Federal aid in these States.

Despite any views that any other individual may hold, I know exactly what I am talking about in this instance.

There is another thing. The history of State aid, I think, almost without exception, proves that once you launch on a program you never get away from it.

In the next place, I have some respect for State rights; that is very fundamental with me.

Then, above everything else, we would have the Federal Government going out into the States where they have no such activities and have made very small appropriations, if any. For instance, in our own State, Mr. Tucker, I think \$2,500 is all that has been appropriated for employment. What is that for? To put a man on. Suppose the State takes no further action; under this plan it will expect the Federal Government to pay half of that salary, if the Wagner bill goes through.

We got up against another proposition, and I was quite surprised. There are so many States that have laws that prohibit taking employees from one State to another. I am going to say these things to you, and they are some things we can not get over.

I am not an attorney; I do not know about this phase of the matter; I have never attempted to approach this subject from a constitutional standpoint, but rather from a practical standpoint, and I want to say to you it deserves very serious consideration.

What was confronting us further? We had elaborate machinery established here to take care of the present emergency. And Director Jones was coming to me every day and saying, "Mr. Secretary, can we not put on somebody else? I am having requests from here, there, and everywhere, even from the relief committee, to send men to assist in this employment situation."

I am not violating any confidence when I say I have two men in the other departments, and that a special request was made from State authorities and from Mr. Wood's committee, to go to South Carolina, and I simply could not send them because we had no money.

I was confronted with this fact when I came in to office, that if we went forth with the efficiency program that the \$5,000 which fell to the lot of the employment service we would have to close up and take men off.

Mr. Jones came to me and said, "Mr. Secretary, I am up against this proposition, and I do not know what to do." I said, "Spend the money, and if anybody is going to be executed, I will be executed," and I told the Director of the Budget the same thing. That is how close we have been running.

But when we analyzed the Wagner bill we found out that 75 per cent of the money must be allocated to the States, and when we got through with it we had about 5 per cent, or something like that, for the administration of the act, or maybe a little more than that.

I just want to call your attention to where you are going on a proposition of that kind.

We find in Arkansas, California, Connecticut, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, Virginia, West Virginia, and Wisconsin, that appropriations have been made for the maintenance of an employment service.

But we also find that in Alabama, Arizona, Colorado, Delaware, Florida, Georgia, Idaho, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, and Vermont, no appropriation has been made.

I might go a little bit further. Let us see what the appropriation amounted to, when you come down to analyze it.

State funds appropriated were as follows: Arkansas, \$2,400; California, \$90,834; Connecticut, \$48,114; Illinois, \$266,080; Indiana, \$25,000; Iowa, \$3,600; Kansas, \$9,000; Massachusetts, \$72,500; Michigan, \$32,758; Minnesota, \$35,350; Nevada, \$2,000; New Hampshire, \$3,800; New Jersey, \$36,686; New York, \$166,208; North Carolina, \$9,140; Ohio, \$86,960; Oklahoma, \$9,088; Pennsylvania, \$100,000; Rhode Island, \$4,000; Virginia, \$2,500; West Virginia, \$3,000; and Wisconsin, \$50,000.

Now, as I see it, it is going to take affirmative legislation in those States to take advantage of the Wagner bill, if it is passed. Some one says that the governor can take care of that in the absence of

legislative action. I am just wondering how the governor is going to appropriate any money. That seems to be absurd on the face of it, unless he has some unlimited contingent fund, I do not see how it is possible.

Mr. YATES. Does anyone seriously propose that?

Secretary DOAK. That is what has been assumed by one of the chief proponents of the Wagner bill, that the governor will take care of it. I refer to Dr. John B. Andrews, of the American Association for Labor Legislation. He seems to be more active than anybody else at the present time in connection with that kind of legislation.

At this conference to which reference has been made, I plead with these men to do something and let us see if we could not get some kind of an agreement and get away from these controversial questions. But no, the patron of the bill in the Senate was averse to that. He said he thought this bill would go through substantially unanimously in the House just as it was prepared.

I said, "Suppose it does, Senator Wagner. It can not be operative—substantially can not be operative—this year, because we can not establish the machinery," and we further said to him, "Let us take care of this emergency for this year until Congress meets again and discusses the whole question, and then, if there is any additional legislation needed, we can take care of that."

That was likewise rejected, and I was forced to do as I have done, to propose a substitute that will take care of this emergency, that will tide us over, and if we need additional legislation, that will give us a chance to see what we can do, if we have some machinery established here to carry on the work of the Federal Employment Service.

But no. I will say this; I found that the labor men were in a rather embarrassing position. Senator Wagner had paved the way for this legislation, and I said to him as I said to Chairman Graham and everybody else with whom I talked, that I did not want to take any credit away from Senator Wagner. I wanted to let him have the credit for initiating this program; if there was any way to get by with this matter and still have it carry his name, I wanted to do that.

But when the Senator said no, that he wanted to stand pat, as to these men who had committed themselves to the Wagner bill, there was not anything left for them to do except to go along, because they had made these commitments.

I called in Mr. Andrews, of the American Association for Labor Legislation, and I discussed this with him and told him what we had in mind, and said, "Let us get something up that we can agree on." But what did he do?

The first thing I knew, there was a letter sent out to all labor organizations and many others, broadcast over the country, saying, "Now is the time to act, and we will get this bill through."

In other words, they showed no disposition whatever to cooperate with the Secretary of Labor or with anyone else. And I had some rather little unpleasant talk with the doctor.

But instead of trying to go along and do the proper thing to take care of this emergency so that we could get through with it until next fall, until Congress convenes, at least, he tied everything to the passage of the Wagner bill in the House.

Mr. YATES. That is Senate bill 3060?

Secretary DOAK. Yes, sir; Senate bill 3060. Listen to what he says in the last part of his letter:

Wire or write immediately to your own Representative at Washington, D. C., urging him to work actively for the passage of the public employment office bill (S. 3060) now on House Union Calendar. It is also important that you address Hon. Bertrand H. Snell, Hon. John Q. Tilson, and Hon. Nicholas Longworth, at the Capitol, Washington, D. C., urging that they give House Members an opportunity now to vote on this bill.

In other words, he wanted them to vote it up or down, and they cared apparently nothing about what we were up against, or nothing about what may happen between this time and the time when we may erect this elaborate machinery that is provided for in the bill.

I may stand absolutely alone, but I did what I thought was the proper thing under the circumstances, to give you a substitute bill that would take care of this emergency.

It is immaterial to me whether you pass it or whether you do not. I will not have my feelings hurt in the least. There was no subterfuge about it, there was no dealing from under the bottom, because Senator Wagner, the labor people, and everybody else knew we were going to submit a substitute bill.

What will happen if the Wagner bill passes? You simply can not make these arrangements with the States and make them effective, in my opinion, before the end of the year, and probably it will be two or three years before you can do anything of substantial character.

I ask you to pass over this substitute to the House and let us have a vote on it. It provides for \$1,500,000 to be authorized to be appropriated, and if you want to make it \$2,000,000, or whatever you want to make it, that is all right with me.

But neither the Secretary of Labor nor the President is endeavoring to kill employment legislation. We are trying to get some real legislation that we think would be effective.

Mr. MICHENER. As I understand, Mr. Secretary, your contention is that the Wagner bill, if enacted into law at this time, could not be operative so it would be beneficial; is that correct?

Secretary DOAK. For a long time, at least.

Mr. MICHENER. How long?

Secretary DOAK. Well, authority must be obtained from each of the States before we can enter into cooperative activities in that State, as I interpret the bill, and I think it shows on the face of it that it must have legislative sanction.

Mr. MICHENER. That would mean that the legislatures of the States must cooperate?

Secretary DOAK. That is right.

Mr. MICHENER. If the substitute bill were enacted into law, would that give any immediate relief?

Secretary DOAK. Yes, sir. If it is enacted just as proposed; we are proposing the authorization of an appropriation of \$1,500,000 to be immediately available and to continue available until expended.

Mr. MICHENER. There is something besides money involved. Could your machinery now set up make this beneficial to the aims and purposes of the Wagner bill?

Secretary DOAK. Yes, sir; we are doing a pretty good job with \$200,000.



Mr. SUMNERS. Mr. Secretary, right in that connection, will you be good enough to tell us what additional powers you would have if this bill was passed? Is it not, as a matter of fact, very largely a matter of increased appropriations? Have you not got the machinery now?

Secretary DOAK. You are quite right, Mr. Sumners. The only thing in there that would be required, that we do not now have, although perhaps we are doing it now, in a way, is to have an administrative officer. This bill provides for an additional Assistant Secretary of Labor.

Mr. SUMNERS. Have you not got somebody doing that work now?

Secretary DOAK. I have Mr. Jones, and he is a very busy man.

Here is precisely what we have in mind: First of all, the man does not get the pay he should have, and can not under the regulations; and secondly, you remember you have already passed, last summer, one of Senator Wagner's bills providing for the collection of labor statistics.

I think the two things should be coordinated and worked in together, because they should be a coordinated thing; that is the principal thing we had in mind.

So far as that is concerned, Mr. Sumners, if you did not have any legislation, because we are operating to-day under the organic act creating the department—if you did not have any additional legislation at all, if you will give us sufficient funds, I think we could do a pretty good job without any further legislation.

Mr. SUMNERS. Under the very language of the organic act that you referred to, you do not regard yourself, within the limits imposed by common sense and the appropriation, restricted in trying to do what you can to relieve the unemployment situation, do you?

Secretary DOAK. Not at all; and the only object in bringing up and offering this substitute at all is just as I tell you. I think we have the authority under the law.

Mr. McKEOWN. If you substituted for the provision in the Wagner bill for a director general, a provision creating an Assistant Secretary of Labor, and made the change from Director General to Assistant Secretary of Labor, all the way through, where you have mentioned the powers of the Director General, with an increased amount of the authorization made immediately available, would not that be better than the Wagner bill as it is? Would not that give you the authority you now have, with the additional authority provided in the Wagner bill?

Secretary DOAK. Of course, Judge, you understand that fundamentally I am opposed to the State-aid plan.

Mr. McKEOWN. I understand.

Secretary DOAK. As I understand your question, if you pass a bill authorizing the creation of an additional Secretary of Labor, and make a proper authorization for an appropriation, I think that would answer the purpose without anything else in it.

Mr. McKEOWN. What I am talking about is this: You know legislation is obtained by way of compromise:

Secretary DOAK. I appreciate that?

Mr. McKEOWN. If the Wagner bill should have in it a provision creating an Assistant Secretary of Labor instead of a Director General, and authorizing an increase of the appropriation for the department,

then you could go along under your general organic powers until such time as you could get a set-up under the Wagner bill.

Secretary DOAK. Yes; and to be perfectly frank with you, I suggested that something of that kind be done, that we could take action on that at this time, and give us the money, and give us an opportunity to go through the summer and see what would happen, and then we would be in a better position to argue the State-aid cause at the next session, if it came before Congress.

Mr. McKEOWN. If, as a legislative expedient, as a matter of compromise, we should substitute in the Wagner bill a provision for an Assistant Secretary of Labor in place of a director general, at a salary of \$9,000, and with a provision in the Wagner bill giving you your appropriation that you ask to be made immediately available, to carry on your duties under the organic act, then you could go ahead under the organic act until such time as you could get another set-up.

Of course, you would be opposed to that?

Secretary DOAK. I am absolutely opposed to State aid, because, I will tell you, Judge, that in my opinion it does just simply this. It does nothing more or less than authorize the appropriation of a sum of money to pay State officers appointed by the States.

Mr. McKEOWN. The point I was making was that that could be done as a matter of expediency or a matter of compromise. If you would agree to the provision for an Assistant Secretary of Labor, and also an authorization for an increase of the amount of money to carry on your functions, then you could go along, and if this thing should not work out it could be repealed, so far as the State is concerned.

Mr. STOBBS. But, as the Secretary very aptly pointed out, once you start on a program of State aid, you are in, and you do not repeal that kind of legislation.

The CHAIRMAN. You would never get rid of it.

Mr. STOBBS. Never in the world.

Secretary DOAK. Let me call your attention to something else.

The Wagner bill provides for the abolishment of the present machinery.

And furthermore, there is another thing in reference to it. The Wagner bill provides, as I understand it, a 4-year plan. At the end of four years it goes out of existence. So your present employment service goes out of existence under the bill.

So there is a lot more involved than what appears on the surface.

Mr. LA GUARDIA. Under the substitute plan, would a Federal employment agency be established in all of the States?

Secretary DOAK. The bill does not say so.

Mr. LA GUARDIA. Would you do it?

Secretary DOAK. I assume we might establish some, if that were agreeable to the governor of the State; otherwise we would not.

Mr. LA GUARDIA. And where they were established they would be purely Federal agencies, would they not?

Secretary DOAK. Not necessarily so. The bill provides for cooperation with the State agencies.

Mr. LA GUARDIA. They would be Federal officers.

Secretary DOAK. It provides for cooperation with them, and we can cooperate; we are doing it now.

Mr. LA GUARDIA. The only difference in the two plans would be that one would furnish financial aid and the other would not.

Secretary DOAK. Well—

Mr. LA GUARDIA (interposing). Both plans provide cooperation.

Secretary DOAK. One provides for cooperation and the other provides for a subsidy.

Mr. STOBBS. And under your proposed bill the Federal Government would control its own expenditure, and under the Wagner bill the State controls the expenditure?

Secretary DOAK. Absolutely.

Mr. STOBBS. You are opposed to putting it out of your control?

Secretary DOAK. All the authority the Secretary of Labor has under the act—if the Wagner bill is passed, 75 per cent of the amount goes to the States and he could prescribe regulations by which they will conduct these agencies. But in substance, when the bill is analyzed, the Secretary of Labor has just about this authority, to either extend the State aid or withhold it. When it is analyzed, that is about what is left.

I could say, if I were Secretary of Labor, No, I will not give it to you; or, I could say, I will give it to you. But after it was given the State officers, appointees of the governor, would expend the money.

Mr. LA GUARDIA. Under the substitute plan the Secretary of Labor could also exercise his discretion as to where he would place his agency or officers or where he could cooperate.

Secretary DOAK. Under the Wagner bill.

Mr. LA GUARDIA. Under the substitute plan you have the same discretion.

Secretary DOAK. Yes; but let me point out a little further where you are going with the Wagner bill.

You provide that 75 per cent of this money must go to the States. Suppose one-half of the States did not take advantage of that. The secretary can not spend that money; he could not spend it because it must be expended for that specific purpose.

But take your State, where there is cooperation, and where the provisions of the act will be taken advantage of—there is no question about that; I do not think there is any doubt about New York doing that.

But under the Wagner bill it is provided that you can not only go in there and expend a certain amount, not to exceed 5 per cent of the total in that State, but at the same time, under the Wagner bill—I am speaking about the Wagner bill—we could go in there and establish, in addition, independent Federal offices.

Down in my State they perhaps would not take advantage of it at all. They would not make any appropriation.

But back and beyond all of it is this question: What are we going to do in the States that will not let us take employees from one State to another, if we establish our offices? They have a prohibition in the law against that.

Mr. LA GUARDIA. As I understand it, there is no prohibition in the law as to workers going out of a State. I understood it was simply to regulate the agency that would send men out of the State for employment.

Secretary DOAK. Agencies and individuals. I assume they would catch the Secretary of Labor as quick as anybody else. I suppose Mr. Jones would be put in that category; at least there is a situation there that ought to have a very great bearing.

Let me tell you also, gentlemen, there is one particular feature in this bill that has been overlooked. Congress has already said to us that about half of the money appropriated must be expended on veterans, and a separate accounting made therefor. There is no provision in the bill for that, but you abolish by the Wagner bill the agency that now is intrusted with handling the veterans' part of this service.

Mr. LA GUARDIA. If Senate bill 3060 were enacted into law, you do not anticipate any undue difficulty in putting it into operation, do you?

Secretary DOAK. I do anticipate very great difficulty; as a matter of fact, I doubt the practicability of the bill, after a careful analysis of it; certainly, at the present time, Mr. LaGuardia, you will not get any benefit from it.

Mr. LA GUARDIA. You could continue the work you have contemplated.

Secretary DOAK. With whatever is left outside of State aid, we could go ahead; but bear in mind, the bill specifically provides that 75 per cent of these appropriations must be turned over to the States.

Mr. STOBBS. Provided they are accepted by the State legislatures. You have to wait until they function?

Secretary DOAK. Yes; we have to wait until they function, and in the meantime we could not exceed the 25 per cent of the appropriation for any purpose other than for State aid. If the States said no, we will not accept it; we will make no provision for it, then the bill is substantially vitiated.

Mr. LA GUARDIA. I am exceedingly anxious to get legislation, not for to-day or for to-morrow. I am very anxious to get legislation that will establish a national system of cooperative employment agencies.

Secretary DOAK. I do hope you will see the wisdom of my substitute bill.

Mr. LA GUARDIA. We have our legislative difficulties, too. Congress is composed of two Houses, Mr. Secretary, and we only have a few days remaining.

Secretary DOAK. Of course, if I had been in office and this thing had come along before it passed the Senate, I would not be appealing to you; I would be appealing to the Senate.

But I had to take it as it came. There is nothing up my sleeve; there are not any secrets about it.

Mr. LA GUARDIA. You should understand our position. Some of us are anxious, perhaps it may be overanxious, to get legislation, and we are facing a legislative jam.

Mr. STOBBS. But the Secretary's answer to that is that he is better off, and the Department of Labor situation would be better off, with no legislation than with this, as far as any very important results are concerned.

Secretary DOAK. That is correct. Probably it would run to the end of the year, and probably two or three years.

Mr. LA GUARDIA. You would be better off without any legislation than with the enactment of Senate bill 3060?

Secretary DOAK. For the present time. In discussing this with Senator Wagner and with the labor people, the people I have called in, I only discussed the immediate situation. I said if this is what

you want, if you still desire to have legislation, if you still desire to have State aid, let us handle it at the next session of Congress and not block this movement at this time.

Mr. YATES. Has your proposed substitute been offered by anyone yet?

The CHAIRMAN. Yes; it is before us now.

Mr. LaGUARDIA. I put everything I had in the record, and I can not come to any other conclusion but that organized labor is strongly, unanimously, for this proposition. If I am wrong about it, I only have their written statement on it.

Secretary DOAK. Mr. LaGuardia, I have a higher regard for the organized labor movement in the country to-day than I have ever had, because they said, "We told Senator Wagner to go ahead, and if he will not compromise, we will back him up, because we gave our word."

Mr. LaGUARDIA. That is what I had before me.

Secretary DOAK. That is the story.

Mr. TUCKER. I could not hear that statement.

Secretary DOAK. I said I have a higher regard to-day for the organized labor movement in this country than I ever had before, because they assured Senator Wagner they would go through with it, and when he would not compromise they stood by him.

Mr. MICHENER. You do not mean that if an organization of labor or any other group starts out to do a thing and has a man to introduce a bill, and later discovers that they are wrong, that you admire them if they simply stay put, right or wrong?

Secretary DOAK. Now, let me tell you, let me explain that to you. That is not my point at all.

Mr. MICHENER. That is a fair inference from what you said.

Secretary DOAK. No; it was suggested that this was a game of politics being played on a checkerboard—

The CHAIRMAN. So it is.

Secretary DOAK. And if the administration, the Secretary of Labor, wanted to do anything, if they were not opposed to employment legislation, they would get behind the Wagner bill. That is the story; I was told that. I think the gentleman from New York feels pretty much that way himself.

Mr. LaGUARDIA. If it were politics, I would have everything in the world to gain by taking a stand in opposition to my own Senator, for the reason that we are not of the same political faith. So, as far as I am concerned, I am playing bad individual politics for myself.

Secretary DOAK. Not in your State, at the present time, perhaps. But here has been the trouble all the way through. All of the publicity, everything that has been said, everything that has been agitated, was the "Wagner bill," and people did not know what was really in the Wagner bill.

The CHAIRMAN. That is right.

Mr. DYER. Mr. Secretary, in the report which was filed when we reported Senate 3060, we have something concerning President Hoover's position upon legislation of this kind. I am going to read just a word or two from that report:

President Hoover for some time past is on record as having approved the Federal employment system. In 1920 President Wilson called his second industrial conference. Mr. Hoover was vice chairman of that conference. The conference

recommended the enactment of appropriate legislation by Congress making provision for an employment clearing house under Federal control, cooperating with State bureaus. In 1921 Mr. Hoover was chairman of the President's conference on unemployment. That conference recommended an adequate permanent system of employment offices, and declared that the existing Federal provision for the same was inadequate. In 1923 Mr. Hoover appointed a committee on business cycles and unemployment. The committee recommended a national system of employment bureaus. In 1924 Mr. Hoover appointed a committee on seasonal operations in the construction industries. That committee called special attention to the report of the President's conference on unemployment relative to a permanent system of unemployment exchanges.

That is the President's attitude in the years previous; and I take it that is not conflicting with the views that you now express, and that your bill would take care of it. Or do you mean, Mr. Secretary, that what we need now is something temporary to take care of the situation of unemployment, and that there should be worked out a permanent law later on?

Secretary DOAK. No, sir; I think our plan will act as a temporary plan and as a permanent plan.

Mr. DYER. Do you think that would cover it?

Secretary DOAK. I do not think that is anything contrary in the least to the position taken by the national industrial conferences, that have been assembled here time after time. They have declared for precisely the same principles.

Mr. DYER. I do not want to call attention to this in a critical way, but simply to get your views as to whether or not the views expressed at this conference met with the ideas which you bring to us with your substitute bill.

Secretary DOAK. The ideas expressed by the conference coincide fully with the views that we tried to express in our substitute bill.

Mr. LaGUARDIA. But the gentleman from Missouri was reading from a report, reporting favorably Senate bill 3060?

Mr. DYER. Yes, sir.

Mr. LaGUARDIA. Who wrote that report?

Mr. DYER. I filed the report.

Secretary DOAK. You know, I have a high regard for the gentleman from Missouri, Mr. LaGuardia, but I think perhaps if he had just left out the indorsement of 3060 he would have been better off; and perhaps he thinks so. But nevertheless, I presume that what happened was that these things came in, just like all other things come in; and it is mighty hard for us to analyze the details of all bills. You have my profound sympathy in your efforts to do so, and I am not surprised that you get the wrong impression sometimes about what is really contained in a bill. But that is the trouble here in the Wagner bill. An entirely wrong impression as to the effect of it, as to the possibilities; and I want to say to you that it has been suggested by some persons that there might be a serious constitutional question involved before we get through with it. Now, if we are going to have a lot of litigation, if we are going to have a lot of trouble, if we are going to start out in the administration of that act with trouble brewing ahead, I would rather not do it.

Mr. DYER. Mr. Secretary, do you recall—if not, probably Mr. White will know—whether this bill, either by this committee or by the Senate committee, was called to the attention of the department while it was pending months ago?

Secretary DOAK. I can answer that.



Mr. DYER. And if you made any report on it, either to the House committee or the Senate committee?

Secretary DOAK. Yes, sir.

Mr. DYER. What was that report?

Secretary DOAK. Last summer I think Mr. Davis, my predecessor, went over the matter and he raised some objections. One was to the amount of money involved. He said the appropriation should not exceed a million and a half dollars.

Mr. DYER. Well, we cut that down.

Secretary DOAK. But in general, I think, he approved the bill.

Mr. DYER. We reduced the appropriation.

Secretary DOAK. Yes, sir.

Mr. DYER. As you will recall.

Secretary DOAK. I had that correspondence; I may have it here somewhere. But he approved the bill in a way. I find myself, gentlemen, in a very peculiar position, after I analyze this bill, and it is because of these commitments that have been made before a careful study of the bill.

Mr. DYER. What do you mean? What do you mean by commitments, Mr. Secretary?

Secretary DOAK. First of all, the labor organizations indorsed the Wagner bill; then I think Secretary Davis, in substance, approved it with some modifications. But when we come down here, at this late date, with no provision made by the legislatures, and as I saw it, with no possibility of getting affirmative legislative action, with an emergency on, I thought it was only right that I call it to your attention. This committee is the first committee I have had an opportunity to say this to, because it had passed the Senate.

Mr. DYER. Oh, there is no criticism of you, Mr. Secretary, by my questions at all.

Secretary DOAK. I do not feel badly about it, but I did it; and I still believe, gentlemen, that it is my absolute duty to call these things to your attention; and I did so.

Mr. MICHENER. We are all aiming at about the same thing, are we not?

Secretary DOAK. Yes, sir.

Mr. MICHENER. It is just a question of the road we pursue?

Secretary DOAK. That is it.

Mr. MICHENER. Now, as I get it, it is your notion—and you are the executive head of this department; you are the man upon whom they must rely for this bill to function successfully at this time—now, it is your notion that the Wagner bill is the wrong road?

Secretary DOAK. At this time, at least.

Mr. MICHENER. And that your bill is the road which will ultimately get the results desired for everyone?

Secretary DOAK. I think so. I am firmly of that opinion. There is nothing that has taken quite so much of my time, and of which I have made such a careful study since I have been in office, as this particular thing.

Mr. DYER. And you are convinced beyond any question that the so-called Wagner bill, Senate 3060, as pending in the House, should not pass? You are convinced of that?

Secretary DOAK. I am convinced of that at this time.

Mr. DYER. As the head of the Department of Labor, under whose jurisdiction the legislation would come?

Secretary DOAK. However, if it were passed, gentlemen, I want to assure you that I will do all within my power to make it effective, but I do not think it should pass at this time.

Mr. BROWNING. You do not think it should pass as a permanent policy, or a temporary policy either, if I understand your testimony?

Secretary DOAK. In substance, that is correct. No one knows when we are going to have increased business, or when things are going to readjust themselves, and there will be a great demand being made for employment.

Mr. BROWNING. But under those conditions, you do not think that the Wagner plan is the proper plan to have in force?

Secretary DOAK. No, sir. If we had time enough, perhaps—and I suggest probably this is a way out of it—if we had time enough to make this bill effective, to get all around and have suitable legislation in the different States, it might be worth a trial. But fundamentally, I am opposed to State aid.

Mr. MOORE. You have been speaking about what you should do, and several times the question of appropriation has come up. As a practical matter, what is your idea as to adequate funds for doing what you want to do now, or could do now, if you had adequate funds?

Secretary DOAK. Well, you know, a Cabinet officer is in a rather peculiar position when it comes to talking about funds. We have not a thing in the world to do with that. We could recommend what we please, what we think we should have; and if the Budget says, "No, you should have half of that," when we come to Congress, we have to come to Congress advocating half of it. We are not even privileged, as a general policy, to say what we really did ask for. But you gentlemen have discretion in the matter. I say frankly, I have no kick to make on Congress; they have been fair and liberal.

The CHAIRMAN. Mr. Secretary, we thank you for coming here and making your talk. Unless there is something else to be added, we will go into executive session.

Secretary DOAK. Mr. Chairman, just one word further. As you know, we have already had approved by the Budget and transmitted to Congress a supplemental estimate asking for \$500,000 more, in addition to the \$385,000 we have, that is already contained in the bill. Come what may, we want to have \$885,000, irrespective of whether you have any additional legislation.

Mr. MOORE. Where is that \$385,000, in a legislative way?

Secretary DOAK. I suppose it is in the legislative committee's hands.

Mr. WHITE. I think I can explain the legislative situation. The Budget recommended \$500,000 additional, and sent it to the Appropriations Committee, and it arrived too late to be incorporated in the House bill which is before you now; but it is now over at the Senate and will probably be incorporated in the appropriation bill and go to conference.

The CHAIRMAN. Thank you very much, gentlemen. The committee will go into executive session.

Secretary DOAK. Thank you very much; we appreciate your courtesy and patience.

(Thereupon at 11.45 o'clock a. m., the committee went into executive session, after which it adjourned.)

**END OF  
TITLE**